

Message Text

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12

ACTION EB-07

INFO OCT-01 EA-06 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 FAA-00 L-02 XMB-02 /027 W

----- 077477

R 180900Z FEB 75

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 4244

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EO 11652 NA

TAGS EAIR

SUBJECT: CIVAIR - RESTRICTIVE PRACTICES

REF A) STATE 023126, B) TAIPEI 2982

1. EMBASSY PROVIDED GENERAL OVERVIEW IN REFTEL B OF GROC RESTRICTIVE PRACTICES FAVORING ITS NATIONAL AIR CARRIER, CHINA AIRLINES (CAL). CONSENSUS WAS THEN, AND REMAINS TRUE, THAT GROC CONCESSIONS TO CAL ARE RELATIVELY MODEST, FALLING LARGELY IN AREA OF INTEREST AND TERMS ADVANTAGE USING BANK OF TAIWAN AND CENTRAL TRUST OF CHINA AS GUARANTORS OF SEVERAL LONG-TERM LOANS. HOWEVER, NEW DEVELOPMENT SINCE REFTEL, IS CAL'S GROWING OPERATING DEFICIT WHICH WE ASUME, IF UNALLEVITTED BY RESTORATION TAIPEI/TOKYO AIR SERVICE, IS BEING OR WILL BE UNDERWRITTEN EVENTUALLY BY GROC.

2. EMBASSY IS EXPLORING WITH APPROPRIATE SOURCES THIS AND OTHER QUESTIONS RAISED REFTEL A TO VERIFY IF THERE IS ANY INFORMATION OF USE TO CAB ADDITIONAL TO THAT ALREADY SUBMITTED. IN ANY EVENT, DEPARTMENT CAN EXPECT FURTHER REPORTS WITHIN WEEK TO TEN DAYS.

3. FYI: RECENT REVIEW BY EXPORT-IMPORT BANK OF MCDONNELL DOUGLAS/CAL APPLICATION FOR FINANCIAL ASSISTANCE TO CAL TO PURCHASE ONE DC 10 WIDE-BODY
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AIRCRAFT (APPLICATION NOW INDEFINITELY DEFERRED) SHOWS

NET INCOME LOSS FOR 1974 OF US\$729,000 AND OF US\$3,763,000
PROJECTED FOR 1975. WE ASSUME THIS WILL BE UNDER-
WRITTEN BY GROC. EXIM HAS COMPLETE FILE ON APPLICATION
WITH ADDITIONAL SUPPORTING DATA ON CAL FINANCIAL
CONDITION.
UNGER

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
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Concepts: CIVIL AVIATION, SUBSIDIES, AIRLINES, CENTRAL GOVERNMENT
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Draft Date: 18 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
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Disposition Approved on Date:
Disposition Authority: ShawDG
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Margaret P. Grafeld
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